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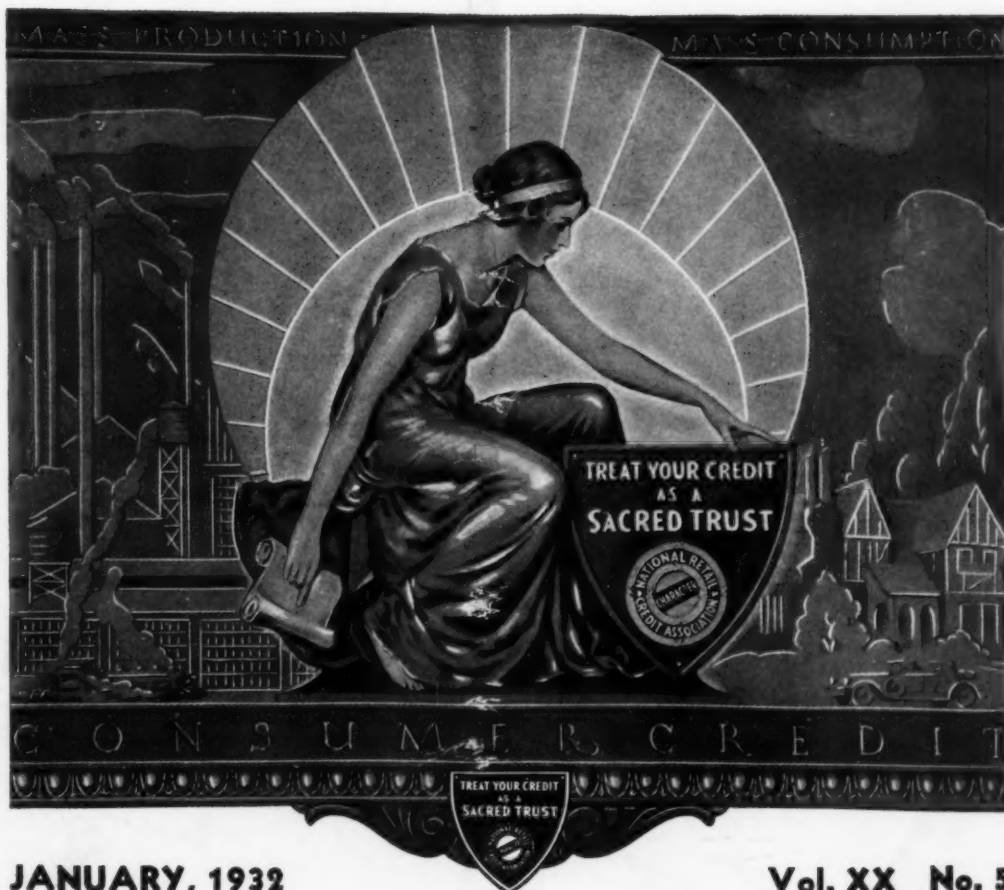
The

CREDIT WORLD

Magazine of
Retail Credit

RETAIL CREDIT has stood the most severe test in history only because of the ability and judgment of trained credit managers. Brains, tact, and devotion to the best interests of the store are characteristic of present-day retail credit executives.

—JOHN GUERNSEY



JANUARY, 1932

Vol. XX No. 5



Today's Credit Students

will be

Tomorrow's Credit Executives

THE responsible credit positions of tomorrow will be filled by those who are preparing themselves today in anticipation of tomorrow's opportunity.

"From now on," says Chas. M. Reed, Second Vice-President of this Association, "credit management is taking on a different technique. It is calling for higher qualifications on the part of men and women . . . whose aspirations are to climb higher in their profession."

Recognizing this need for specialized credit training, the Educational Department of the National Retail Credit Association furnishes the most comprehensive study course in Retail Credit—for individuals or organized classes.

Winter classes are now in progress in many cities as shown by the following list of enrollments:

Detroit, Mich.	350	New Haven, Conn.	17
Seattle, Wash.	50	Fort Smith, Ark.	16
Hartford, Conn.	45	South Bend, Ind.	16
Charleston, W. Va.	32	North Platte, Neb.	15
Lincoln, Neb.	31	Bay City, Mich.	12
Marion, Ohio	31	Madison, Wis.	12
Colorado Springs, Colo.	27	Great Falls, Mont.	10
Steubenville, Ohio	24	Pueblo, Colo.	10
Wichita, Kan.	22	New Albany, Ind.	8
Morristown, N. J.	22		

Classes Starting in January:

Grand Island, Neb.	Canton, Ohio
Memphis, Tenn.	Topeka, Kan.
	Gainesville, Ga.

Forty-four other cities are in process of forming classes. Their enrollments have not been sent in to this office yet.

*Write today for detailed information
on courses for class or individual study.*

GUY H. HULSE

Secretary and Educational Director

National Retail Credit Association

1218 Olive Street

-0-

Saint Louis, Missouri

The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

January, 1932

Vol. XX

No. 5

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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association; in all other respects the Association cannot be responsible for the contents thereof or for the opinions of writers.

CHANGE OF ADDRESS: A request for change of address must reach us at least one month before date of the issue with which it is to take effect. Duplicate copies cannot be sent without charge to replace those undelivered through failure to send this advance notice. With your new address it is absolutely essential that you also send us your old one. Entered as second-class matter at the post office at St. Louis, Mo., under the Act of March 3, 1879. Published monthly at 1218 Olive Street, St. Louis, Mo. Subscription, \$2.00.

EDITORIAL OFFICE.....1218 Olive Street, St. Louis, Mo.

JANUARY, 1932

Our Growth

STARTED IN 1917

with 29 students

ENROLLED LAST YEAR

2711

students

AUDITORS' CERTIFICATE

We have examined the records relating to the enrollment of students at The Bentley School of Accounting and Finance in the year ended June 30, 1931, and we certify that, in our opinion, the number of students who were enrolled at the school in that year, excluding duplications, is 2,711.

(Signed) LYBRAND, ROSS BROS. & MONTGOMERY
Boston, August 6, 1931

¶ Living accommodations for out-of-town students at reasonable rates, in dormitories, fraternity houses, and private families.

¶ Students from 17 states and 2 foreign countries.

¶ Graduates employed in 29 states and 14 foreign countries.

¶ Only men admitted. Average age of entering class in day division 20 years.

CATALOG WILL BE MAILED ON REQUEST

The BENTLEY SCHOOL of ACCOUNTING & FINANCE

921 Boylston Street • Boston, Massachusetts

H. C. BENTLEY, C. P. A., President

EDITORIAL COMMENT

D. J. WOODLOCK

The Way to Prosperity Is Through Liberal Credit

THIS title for an editorial in *The CREDIT WORLD* may sound like heresy, but remember there is a difference between *liberal* and *reckless* credit. *Liberal* credit is what has made and kept us prosperous for many years, while *reckless* credit is what caused all our troubles of the past three years.

There can be no disputing the fact that liberal extension of consumer credit during the past has been the great factor in developing sales and creating a market for the products of our mills and factories. Almost thirty billions of dollars of retail sales on credit tell the story and, pessimistic predictions to the contrary, this feature of the retail business has withstood the depression and unemployment period without the reaction and loss so evident in other forms of credit.

Only a few years ago the same financial experts who closed their eyes to the abuse of investment and stock issue credits—the prime factors in causing the depression—were loud and positive in predicting that the expansion of consumer credit, and particularly installment credit, was leading us to a fall.

We had the fall, and we came down with a resounding whack which has left many sore spots, but it was not because of consumer or installment credit. It was wholly due to the most flagrant abuse and manipulation of investment and stock credits in the world's history. Yet, while the crumbling walls of this structure of artificial values and pyramided credit were crashing around us, retail business pursued the even tenor of its way, encouraged consumer credit on safe lines, and

was the one bright spot on our financial horizon.

That credit, *based almost wholly upon character*, should prove so sound during a period of distress, is certainly due entirely to the efficiency and judgment of retail credit executives in charge of the credit departments of the retail stores affiliated with the National Retail Credit Association—to their adherence to the sound principles of credit granting laid down by their Association—and to the dependable service rendered one hundred and eighty thousand subscribers of the twelve hundred credit bureaus of the Association.

It is a fine justification of the twenty years of persistent effort of the National Retail Credit Association in building a consumer credit policy broad enough to extend to all types of individuals, liberal enough to encourage increased buying, yet sound enough to protect the merchant from loss.

Many of the plans for stabilizing business conditions carry with them a curtailment of consumer credit and consumer purchasing, reducing buying power at the very source from which we must look for the creation of prosperity.

The individual's ability to maintain his standard of living—by the use of liberal credit—will keep the retail stores busy and through them be reflected through the Wholesaler, Manufacturer and Producer, making that endless chain of trading which we call business.

We hope the nation's financial leaders will recognize this fact in their plans to bring back prosperity.

Hands Off The Federal Reserve Act

We hope Congress will weigh carefully every proposed amendment to our Federal Reserve Act.

The entire credit fraternity has always regarded this act as a most fundamentally sound feature of our financial structure. We do not presume to say it is perfect and it may be that an enlargement of its powers to rediscount paper may be just the spark we need to vitalize business, but don't let our desire to speed up recovery of business make us forget that an adjustment of a fraction of an inch or a quarter-turn of a screw often "kills our engine."

Our Federal Reserve Act contemplated three fundamentals of the nation's commerce:

- (1) To create an elastic currency.
- (2) To rediscount *commercial paper*.
- (3) To exercise supervision over our banking system.

We italicize *commercial paper* because therein lies most of the power and force and good that was intended by the act. And much of our present trouble, we fear, is caused by *frozen assets in paper that is not rediscountable by the Federal Reserve*. Most of it is not commercial paper, in any sense of the word, and the letting down of the bars would flood our Federal Reserve System with these frozen assets.

Let's think constructively on any changes in our Federal Reserve System.

Another Cabinet Officer?

With the growth of the nation, credit has become an all-important factor in governmental as well as private affairs. The loaning of billions of dollars to foreign countries, the collection of foreign debts due us, the balancing of our budget, the multiplex ramifications of our financial system, make it appear that if we are to operate our government on a thoroughly businesslike basis, there is a need for expert credit advice in our nation's affairs to protect us from overexpansion or unwise extension of that boon to progress and prosperity.

It looks as though we need another cabinet officer, a *Secretary of Credits*, an outstanding professional credit expert, who should sit in and advise the President and his official family on this all-important subject.

If commercial firms have found it sound business to have a trained credit manager in addition to the president, treasurer, legal counsel, and other executives, surely it would be good business to do so in government affairs, and thus recognize the importance of credit.

We will wager such an officer in the cabinet at this time would do much to restore confidence and straighten out our tangled financial affairs.

Minneapolis to Hold North Central Conference

The North Central Division of the N. R. C. A. will hold its annual conference in Minneapolis next month. February 15, 16 and 17 are the dates set by conference officials, headed by Rustan O. Thayer of Minneapolis, who is president of the Northwest group of credit men and women.



Radisson Hotel, Minneapolis

This district comprises the states of North and South Dakota, Minnesota and western Wisconsin. It is expected that over five hundred credit men and women will attend this gathering. It is to be held at the Radisson Hotel and an instructive and entertaining program is now being arranged.

Some of the big features this year will be the solidifying of a uniform credit policy and the outlining of uniform rules pertaining to returned goods.

Such prominent Northwest credit men as F. W. Funk of Winnipeg, George Fairley of Duluth, W. B. Brinkman of Duluth, and G. Grosz of Fargo, North Dakota, have already signified their intention to attend. Other familiar credit men of St. Paul and Minneapolis will be on hand when the conference opens.

With the Retail Credit Association of Minneapolis acting as host, this Seventh District Convention promises to surpass all previous ones. Committees appointed by President Thayer are working diligently to have everything in readiness for elaborate festivities.

During the Present "Buyers" Market

New "Charge and Take" Accounts Should Be Passed Upon Immediately!!

Prompt handling will mean more new sales for you! But—consult your Credit Bureau on each application before delivery!

Thus you will avoid embarrassing honest people and protect the store against crooks!

Credit can be granted to worthy customers in a moment! But—you and the Bureau must use *Telautographs* to be safe!

Compare the "Pre-Depression" System With That of Today—

THE OLD METHOD

WITH

THIS MODERN WAY

New customer desires to "charge and take" purchase. Credit Department telephones to Credit Bureau. Operator at Bureau makes notes of name, address and references **WHILE THE CREDIT MAN SPELLS OUT NAMES AND NUMBERS.** Remember it takes two people to hold a telephone conversation.

While the new customer waits impatiently, the Bureau is telephoning to the various references given, in each case using the time of two people and spelling out names and addresses.

The references then check their records after which the several operations are reversed and finally the account is opened and the customer leaves with the goods, if she has not already departed piqued and often disgusted over the delay and apparent hesitancy in extending credit.

Even if the account is opened no report is received from other stores where the customer may be considered a very bad account. Naturally, these stores would not be included in the references.

AND

NO RECORD REMAINS OF INQUIRY OR OF
THE REPORTS

Credit Department writes the name, address and references on the telautograph. The inquiry, in the exact handwriting of the sender, appears instantly on the telautograph at the Credit Bureau. Only one person is required to send a telautograph inquiry.

Immediately, the Bureau, while one person is checking up the Bureau records, writes the name, etc., to not only the references given but to all stores connected simultaneously and with but one operation.

The stores reply direct to the Bureau, via their telautographs, and these replies are condensed into one report and immediately telautographed to the Credit Department of the Store concerned in the handwriting of the Bureau operator.

And the store not only receives the customer's record at the principal stores but all concerned **RETAIN AN INDELIBLE HANDWRITTEN RECORD WITH WHICH TO FIX RESPONSIBILITY IF THE HUMAN ELEMENT FAILED.**

The system is also used to broadcast alarms regarding crooks. This notifies every store on the circuit simultaneously at one writing.

Telautograph Rentals Are About \$1.00 Per Day Per Store!

23 Credit Bureaus Now Use Telautographs

Connected to

144 Great Stores, Banks and Finance Companies!

MAY WE SEND OUR MAN TO YOU NOW?

No Obligation, of Course—Act Now for February Installation!

TELAUTOGRAPH CORPORATION

Factory and General Offices :- 16 West Sixty-First Street, New York, N. Y.

We Have Forty-Five Branch Offices Serving Over 450 Cities in the United States

Recognition for the Credit Man!

By JOHN GUERNSEY



ON ALL sides our economists and business observers are listing among the unnecessary noises what they call the deafening crash of falling executive timber—business leaders, financial leaders, giants of politics. They stood, tall and stately, and the storm came, and they stand no more, so it is said.

In the next paragraph these same observers profess amazement and great satisfaction at the way retail credit, and particularly installment credit, has stood the supreme test of severe industrial depression. They forget that they were the very prophets who forecast dire disaster, come a depression, when deferred payments would come face to face with deflated pocketbooks, and retail credit would go down to oblivion!

How well does business realize, we wonder, that retail credit has stood the most severe test in history, because *and only because* of the ability and good judgment of trained credit managers? Brains, tact and devotion to the best interests of the store are characteristic of the present-day credit administrator. For ten years prior to 1929 he had been struggling toward a professionalism the result of which is obvious.

John Guernsey, who wrote this article especially for "Credit World," is well known to the credit fraternity for his unfailing support of the principles and objectives of the modern credit manager. Formerly controller of the largest store in San Francisco, he was an active member of the Retailers Credit Association of that city and is one of the few permanent honorary members. He wrote the first draft of the present Code of Ethics of the N. R. C. A. He was general manager of the Controllers Congress and is now in Washington, where he is still serving the best interests of the retail industry, as director of the first Retail Census of the United States.

Despite discouragements which only drove him the harder toward his goal, the retail credit manager has climbed the ladder a long way from the rung he occupied in 1919. It is a mighty good thing for the retail industry that, despite lack of understanding and frequent rebuffs by store heads, and often the arbitrary enforcement of unsound policies for a temporary sales advantage, the retail credit manager has persisted over the years in studying principles, exchanging experiences, perfecting credit practices, until he has sold himself to the industry as an expert.

We use that term in its most complimentary sense. "Expert" is exactly the word.

An expert is a man who knows what he is talking about. Some say an expert is a good practitioner who is away from home. Up to recently, that definition would have fitted many good credit men, in the opinion of their store heads.

But those same store heads, or most of them—for there is no finer body of business men anywhere than the heads of our leading stores, big and small—all over the country—are good enough sports to admit to themselves that their tried and true credit managers can stay home these days and still be rated as experts. And they can run their departments just about as they think best. And they will encounter less interference from management today than ever before in their experience. Why? Here is why.

Whenever a store head thinks back to a certain unhappy day in late 1929, and realizes how many hundred thousands or millions of his dollars were outstanding in open and installment accounts, and recalls the wild orgies of spending that preceded the accumulation of those credit balances, he shudders to think what would have happened to his health and tranquillity could he have foreseen the long, steep and seemingly endless descent, the complete disruption of business, that since has occurred.

His fortune, half of his store's capital, loaned to Tom, Dick and Harry—thousands of Toms, Dicks and Harrys—on nothing more substantial than an

unsecured promise to pay. And two hundred out of every thousand wage earners destined to be thrown out of employment!

The more he thinks of it, the more he develops a nightmare. The more he develops a nightmare, the more he thinks he would have been willing to discount those outstanding accounts, could he have looked ahead and could he have found anyone foolish enough to buy them, at 20 to 25 per cent off.

Then he contrasts that unhappy picture with the situation in his store today. He realizes that, by some seeming magic, those 1929 balances have all been paid, within 1 or 2 per cent. And that other hundreds of thousands have been put on the books, and are being paid.

Now it is becoming apparent to him that the seeming magic was nothing more mysterious than the unflinching processes of sound credit practice when administered by a trained credit manager. He searches about for the genius, and finds him in the person of his "credit clerk" of yesterday, grown now to man's estate.

If he is a real executive—and most store heads are—it is now in order for him to go to his credit manager with a word of appreciation, a pat on the back, an appointment to the managing board or to the directorate—and a substantial bonus check. *Bonus check?* Certainly not a bonus check these days! But why not?

During the last two troublesome years, when everyone else in the store has produced *less* return, the credit manager has produced *greater* return. His work has been doubly hard, doubly delicate, requiring technic of the highest order to bring in that old money, add new business that he could justify and convert poor risks into cash customers without injuring the good will of the store.

The credit manager has been in a tough spot, and has acquitted himself notably. To him who gives credit great credit is due. And a bonus, in some proportion to the difference between the possible 20 per cent loss on the 1929 outstandings and whatever the actual losses turned out to be.

Maybe the credit manager's job looks easy to you. Maybe you think there is some automatic percentage, like the percentage in a card game, that would have saved most of that 1929 balance anyway, regardless of your credit manager. Well, there isn't! Many a bank, many a wholesale house, many a retailer has found out otherwise. Just 68 per cent of all the thousands of retail failures this year have been due directly to the lack of a good credit manager.

The experienced, successful credit manager is a member of a select clan of steady, close-mouthed, self-developed specialists, who by reason of years of

study and interchange of ideas have become expert in the art of appraising humans as to (1) their willingness to pay, (2) their ability to pay, and (3) their control over their inclinations, particularly in buying for credit more than they could afford to buy for cash.

The professional credit manager knows how to limit an account so that at no time is it beyond the ability of the customer to pay, and how to do it graciously and unobtrusively. That is why the 1929 accounts were collected, and why those same customers are still buying in the store, some for cash and some on current accounts.

Credit for the great advancement in technical ability of the credit man belongs primarily to the influence of local credit associations and their serious programs of study and discussion, out of which have developed efficient credit rating bureaus. Under the influence of the National Retail Credit Association, the local associations have become affiliated in a national brotherhood, and the local credit bureaus have grown into a national network, reaching into every city and town in the country.

Were this network a business for profit, it would be recognized today as one of our biggest enterprises. Instead it is made up almost exclusively of merchant-owned non-profit bureaus, providing at once quick and accurate data for credit granting, and almost inescapable detection of debtors who would buy and be gone. The great broadcasting networks amaze by the scope of their operations, but their combined gross income does not compare with the savings realized to their members by the retail credit network. It has been built up over the years by farseeing store heads and indefatigable credit men—and women too, for there are some mighty capable women credit managers.

So there are a good many unsung champions, a good many cooperative store heads, a good many years of serious study and trial and error and accomplishment, and perhaps 2,000 quiet, efficient, able credit managers, who in concert have made it possible for economists to sit back in their easy chairs and point with satisfaction to retail credit as a sound survivor of the depression.

Sound, yes, just as long as credit managers keep it sound. And to the extent that it is sound, just to that extent is credit due the modern credit administrator. Don't let's forget that, nor fail to reward it, we executives who will have to guide the retail industry through another serious depression before the "1930's" are over.

(NOTE.—I was going to tell you something about the extent of retail credit throughout the United States, as revealed by the first national Retail Census, but I'll do that in a later number of CREDIT WORLD. J. G.)

A Review of 1931

By HORACE W. POTE

**Consulting Economist to National Retail
Credit Association**

FEW watching the passing of 1931 gave a tear of regret for that year which has been one of the most disastrous and disappointing in the annals of the country.

At every turn there have been statements made in the financial sections of the press that credit has been a party to this economic upheaval which has disrupted business. Credit has been a party to the case but not as the underlying cause.

The columns of the nation's press have talked credit until their copy boys must have acquired a good understanding of it through constant repetition of the headings. Cartoons have lampooned big business and banking interests as stretching out their longing arms for whatever aid that credit can lend them. It is no slight rôle in which credit finds itself cast for the present debacle.

Amid all of the rending news of the year, 1931 has seen retail credit hold firm and exist free from serious onslaughts to unseat it as a practical retailing measure. But, turning to commercial credit, this foster child has suffered through contraction until business has felt the withdrawal of that nourishment by which it survives.

And when the causes for this foreshortening are sought, banking circles, the first stop in the investigation, point to the Federal Reserve System as the ultimate body which is at fault. Many have claimed that the failure of this institution to operate with the same cycle of business has been largely responsible for business getting into strangled condition.

Glancing at the success with which other phases of the commercial and industrial field have plunged through the year just ended there are more entries for the loss side of the ledger than for the gain. Railway transportation has fallen into a slough and revenues have been too weak to keep some of the prominent lines out of receivership or its shadow. Increasing competition from truck lines as well as waterways has eaten into the treasures.

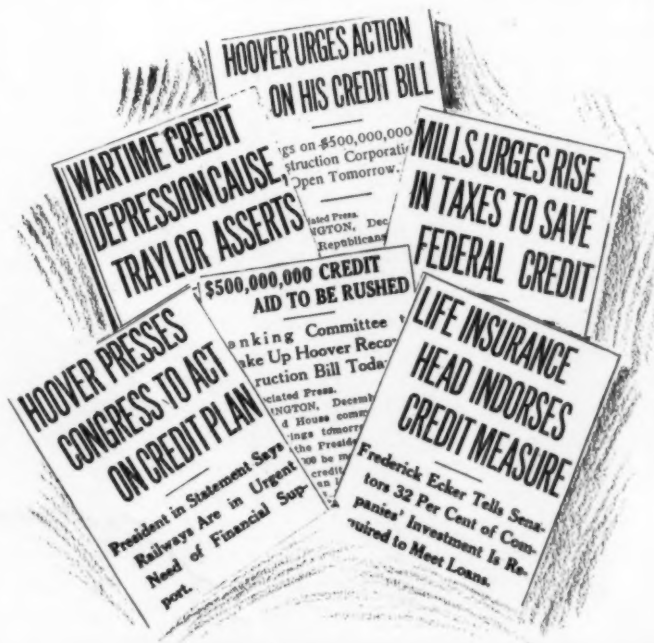
It appears like a new day is dawning and the old shall give 'way to the new, where profitable existence will relegate the unprofitable into oblivion.

The lack of necessary credit when railroads have needed it badly has spelled loss to millions of security holders.

Automobile production has been forced to follow hand in hand with demand and this condition has put most of the skilled workers in the automobile neighborhoods into the streets, seeking other work or the bread lines. A more restricted operating plan for automobiles in these times has caused gasoline and oil production to slacken off.

Even with the aid of state militia it has been a difficult task to put the wrench on thousands of gate valves controlling producing wells, thus limiting the "black gold" springing up from the bowels of the earth. Prices are still too weak to mean much profit. The industry is vitally sick.

State and some outstanding national banks have closed doors because their assets have been refrigerated to such an extent they could not operate. Lax banking laws together with unwise loans made at the peak of real estate activities can diagnose many of these troubles. It is regrettable that millions of funds on deposits will be tied up in this manner. The National Credit Corporation and its half billion have been planned to help reduce this crushing blow but, thus far, many banks have been too



**"This booklet
relieves bill fretting!"**

me. Where do you want, hotel
me. It doesn't hurt, but, you
it's still a pain in the pocket
to your bill—indeed—"

Bill fretting is like the mosquito.
You know the symptoms. A sleep-
less night, fretful waking and worry
over little things. Just the way you
feel when you put off paying your
bills—

It's certainly fretting there.
Pay your bills when due and you
have greater peace of mind. After
all, it's a matter of time. You

promise to pay within a specified
time and it's up to you to keep
your promise— or lose your good
credit standing.

Send for helpful little booklets,
written by Use Credit to Your
Best Advantage," by bills, to
the pleasure of buying and re-
ceiving worry over bills.

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CITY _____ STATE _____
ZIP _____

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1000 N. W. 10th St., Suite 100, Fort Lauderdale, FL 33304



"Are you a bill-fretter too?"

Let me tell you. I'm inclined to say how long (1) the bills last, (2) how big, (3) how numerous, (4) how inconvenient. (5) are one a bill-fretter, and I believe are usual at once at (6) I pay my bills. It's really only just time to pay one bill when due.

Pay bills when due and you'll always be free of fretting. You can be a pay over time. Why not at the right time?

After all, it's only a matter of days. The sure-way pays your stress

to you and adds you at your word. It's up to you to keep your promise and pay your bills promptly . . . or let your good credit melt away.

Read for some helpful hints, "How to Use Credit to Your Best Advantage." It adds to the pleasure of buying and relieves worry about bills.

**YOUR LOCAL . . .
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ASSOCIATION**

**REAL MOUTH-TO-MOUTH
SACRED TRUST**

BOOKLET NEW FREE!
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Phone Numbers
Circle 20 on Reader Service Card

**"Merchants
have bills to meet too!"**

*Yes, I did not meet those clients,
and*

*Mr. No. 1 says, "Well, they
must meet the bills."*

*Yes, Why not? Merchants have
their bills to meet, too. It's up
to us to give 'em with them.
They're keen for work of us.*

Free people realize that a customer
is just business like themselves, with
promises of his own to keep. The
money you owe him is as important
as his and he depends upon you
to pay your bills versus vice.

When you pay your bills promptly,

your good name is protected...
Your mind is free of troublesome
worry... And you have the satisfaction
of knowing that you're
playing fair.

Send for helpful little booklet,
"How to Use Credit to Your
Best Advantage." It adds to the
pleasure of buying and re-
solves every good bill.

**Your LOCAL...
RETAIL CREDIT
ASSOCIATION**

FREE BOOKLET NOW

Circle 10 on Reader Service Card



**"We've neglected
this bill for several months!"**

Mr. [redacted], have you paid this bill yet?

Mr. [redacted], I've promised to
submit that for you.

Mr. [redacted], let's write one
now. Let's let you for several
months. I would have I'd had
it the [redacted] longer and
submit that for you.

Time after time you've promised
to pay it, I can't pay this
bill. Then, before you know it,
the money had gone for other
things and the bill was not paid.

When you fail to keep your
promise, you waste the quality
time, the money, have been late
and your name less credit.

Creditors are human like yourself.
You let lots of bills to expire, but
face with them and pay promptly.
Habitual lateness leads to the
pleasure of business and reduces
many other bills. Send for a
"How to Use the Credit to Your
Best Advantage."

**YOUR LOCAL...
RETAIL CREDIT
ASSOCIATION**

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MAIL TO: RETAIL CREDIT ASSOCIATION
4411 13th Avenue, North, Minneapolis 12, Minn.
Please give name and address of your
retailer and the name of his association.

Name _____
Address _____
City _____ State _____ Zip _____

For Full Information Write:

D. J. WOODLOCK
The National Office

**TREAT YOUR CREDIT
AS A
SACRED TRUST**

**with Credit You
can Buy it..now**

Pay Bills Promptly

LOCAL RETAIL CREDIT ASSOCIATION

**We have a series
of 24-sheet posters
for billboard use
in stock for imme-
diate delivery.**

We have a series of 24-sheet posters for billboard use in stock for immediate delivery.

far gone to be possible convalescents from this tonic.

Business failures have scored an increasing volume but contrary to first thought the chief benefactors from the escape provided by bankruptcy have been individuals and not merchants or manufacturers. Many retailers have suffered from the loopholes permitted by law. The credit insurance companies have been in nightmarish fear that their treasuries and their reserves will be cleaned out through the mounting losses sustained by policyholders. The savings of many good years have poured out within the short span of two disastrous ones.

The stock and bond markets have been things abhorred for the small operators who as cocksure amateurs lost everything but the impedimenta found on their backs. From the accurate knowledge of industrial and commercial successes, issues have struggled for a few points' gain only to backslide to new lows.

The bottom at times has seemed to be far beyond previous conception. It is certain, however, that no surplus funds have found their way into board rooms, to seek hurried profits.

Industrial production has tightened until some 65 per cent of what was previously styled the normal has disappeared. Labor has been given the blue slip and the last envelope.

Stocks on hand have gradually diminished but still too much seems to rest in warehouses for prices have been on the toboggan slide with no end yet in sight. Hope for inventories to be exhausted and thus require production to get under way again is only father to the wish. No move of that kind is in sight.

The evils of unemployment have been getting into clearer vision. Soup lines have assumed the proportion of young armies. The claims that communities could care for their idle workers has not been conclusively proven. Community funds sought millions and many fell short of their goals. The weather, to the end of the year, gave some grace by being unusually mild, thus sparing some degree of misery which might have visited those without adequate means of shelter and warmth.

The picture, without the slightest degree of exaggeration, is a dark one. And the authorized estimates of the workless give six million prospective purchasers idle. No wonder retailing has its ills!

The farmer, aided by the divine powers which control the weather, was able to lay up a store of provisions which will keep him during the winter. Crop yields were, for the most part, bountiful, yet poor prices gave him little money in return for his efforts.

Cotton did no rescue work for the impoverished South. Grains merely helped the Middle West to hold on to the life preserver. Cattle were a means of sacrifice for ready money. Fruits did a bit better and were one bright spot that might be awarded an entry in the plus column. But the farm market for commodities it ordinarily has absorbed turned down all attempts to woo money from empty pockets.

Yet, in spite of all of these facts, savings have accumulated and money has been withdrawn from circulation to be hoarded until such time as confidence is restored. While the chaotic times affect almost every line of business and those in it, the greater part of the employed nation have means for their immediate needs.

Spending is in a suspended state. The consumer who has money does not spend it until required and then seeks the maximum value for his wealth surrendered.

Utilities have held on, largely through the wise planning in good times for the possible rainy days which have come upon the country. Reserves have made it possible for vast expenditure campaigns for needed improvements. Curtailments have lately been the order of the day but their watchword is to carry on.

In the construction field the country suffered its greatest setback for here manufacturers of equipment and armies of skilled artisans found their day's work closed up with no sign of recovery. Building has evidently reached an impasse where available space can care for present needs and future plans seem hopeless.

State programs have aided to the best of their ability, especially in roadway network but this has only been a slight share of the total experienced in normal times. Labor in the building field sits and wonders where its daily bread will come from and when that time for the starting whistle will arrive again. Money which could be a means for opening this field has been scared into a fox hole.

Truly there are few who conscientiously saw pleasure in the year 1931, few who sighed relief in its passing. It has been a dark one for the entire country. The new one, with any degree of improvement, will be hailed with loud acclaim.

But there is one fact that, amidst all of this mourning, must not be lost to sight. There have been depressions before; likely there will be some in the future. All have brought extreme hardship at a heavy price to humanity, but there has always been a time when the pall has lifted.

It may give little satisfaction to repeat that thought now but one of these days in the future the country's business will again be free to breathe and live normally. At least 1932 will see strides made in this direction.

Collecting Hospital Accounts

By JOHN E. LANDER

Financial Secretary, Wesley Hospital,
Wichita, Kansas

THERE are three steps to be taken into consideration in dealing with hospital accounts:

Admitting the patient; financial relationship while in the hospital; and dealing with the debtor after dismissal, where accounts are not paid in full.

Where there are enough hospital beds to justify the employment of a financial secretary the three sections referred to should form a department directly under his supervision, and may be known as the credit department.

The question of finances is so intimately interwoven from admission to cash register that in order properly to handle the matter, close, tactful, sympathetic cooperation must be had from beginning to end with this department under the control of the financial secretary.

Let us first consider the admission of the patient. This is very important. First impressions are usually lasting and the collection of an account can be made hard or easy at the admission desk.

The admission blank used is reproduced below. It is divided into three parts: Patient—Payer—Contract for payment.

The first part carries such information as:

Name—Religion (designate Wichita Church)
—Age.

Address—Telephone number.

Occupation—Married, single, widowed, divorced—Rate—Case No.

Admitted—Month, day, year, hour.

(Explanation of abbreviations used in third line:
M—married; S—single; W—widowed; D—divorced; D. P.—divorce pending.)

Doctor—Accident insurance—Compensation insurance.

That closes the information concerning the patient for the credit department.

The second part of the admission blank deals with the payer:

Name—Occupation—Residence telephone—Age.

Address—Payer's relationship to patient.

Employer—Business address—Business telephone.

Pay weekly?—Pay all by dismissal?—Given credit slip?

Then an extra line and a place for the admission clerk to sign.

ADMISSION BLANK				WESLEY HOSPITAL				ROOM	
NAME		RELIGION—DESIGNATE WICHITA CHURCH				AGE			
ADDRESS				TELEPHONE					
OCCUPATION		M S W D		D. P.		RATE		CASE NO.	
ADMITTED		19		AM PM				COUNTY	
DOCTOR		ACC. INS.		COMP. INS.		AUTO ACC.			
PAYER		OCCUPATION				R. TEL.		AGE	
ADDRESS		PAYER'S REL. TO PATIENT							
EMPLOYER		BUS. ADD.				B. TEL.			
PAY WEEKLY?		PAY ALL BY DISMISSAL?		GIVEN CREDIT SLIP?		PREVIOUS MOS. EXPERIENCE?			
ADM. BY									
<p>IN CONSIDERATION that THE WESLEY HOSPITAL admits and cares for the above named patient, I, or we, agree to pay THE WESLEY HOSPITAL, at their office in Wichita, Kansas, for bed service at the regular rates and also for any extra services that may be arranged for by the attending physician.</p> <p>FURTHERMORE, if the total account is not paid before dismissal, I, or we, hereby agree to arrange terms satisfactory to the Credit Department of THE WESLEY HOSPITAL, when the patient is dismissed.</p>									
DATE		NAME		ADDRESS					
WITNESS		NAME		ADDRESS					

The third part of the admission blank is used whenever someone not legally responsible promises to pay the account, such as a grown son who says he will pay his father's account, or a father who says he will pay the account of his grown daughter. The contract is in the form of a note and if signed cannot later be successfully repudiated.

No down payment should be asked for at admission. The patient should go through the necessary steps as quickly, kindly and tenderly as possible.

One question on the admission blank is "Pay weekly?" The patient is told that our general rule provides for weekly payments on Friday or Saturday and is asked if that is agreeable.

If there is any hesitancy or if his address looks bad, or occupation appears to be substandard, or general appearance indicates poverty, the payer is given a "credit slip" which he brings back to the financial secretary, and the other question as to whether he expects to be able to pay all by dismissal is not asked.

The patient is, however, asked if he has had previous hospital experience and the patient's name and approximate date are written in on the admission blank.

In cases where a payer brings back a slip to the financial office, he is asked to sit down and things are discussed at length.

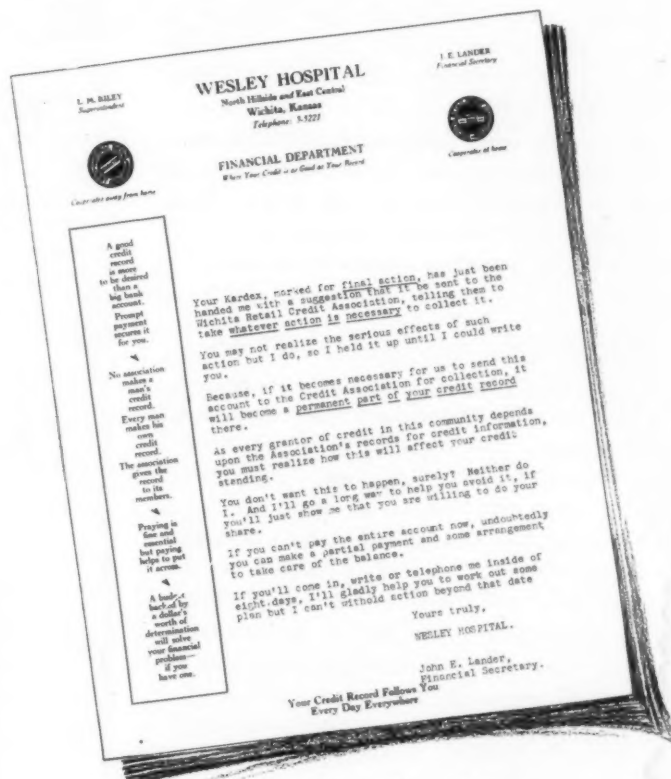
If it appears that payment of the account is improbable, the payer may be asked to fill in another blank giving additional information as to salary, names and addresses of two references, bank if any, name of parent or other relative, whether a renter, number of dependents, and any other information which will make it possible to trace him should he move.

When the terms of payment are agreed upon, it is strictly understood that payments must be made as agreed. If in the interview it develops that only a part of the account can be paid for, it is so arranged. If nothing can be paid by the one responsible, the case is gone into from the county commissioners' angle.

We get nothing from the community chest. We always care for the patient and bear the expense ourselves when necessary. Where a doubtful pay case has not been arranged for, the fact becomes known the following day when admission blanks for

the previous day reach the financial office.

Each blank is studied carefully and if not passed on must be completed as far as financial arrangements are concerned. It is our aim to have a definite understanding in each case by at least four days after admission.



"Last Chance" Letter

Now as for payments while a patient is in the hospital, unless some other arrangement was made at or soon after admission: An employee from the financial office takes the statements to the rooms on first and second floors on each Friday; third, fourth and fifth floors on Saturday.

Where payment is not to be made by the patient, a weekly letter with the statement is mailed to the payer. If proper returns are not received a special communication is sent to the payer.

By kind, faithful work during the period of hospitalization there is less to do afterward. However, the carry-over accounts may run as high as 40 per cent of the net earnings. Net earnings are those left after deducting free and part-free service.

Now for the third step: Where accounts are to be carried over after dismissal, either in whole or in part, definite arrangements should be made on the "carry-over" accounts and everything should be done to carry out the terms of payments as agreed upon.

Regular statements with snappy, pointed stickers and inserts, bring better results than long letters.

When an account begins to drag, if a rearrangement cannot be made, one might as well drive straight ahead with what we call a "last chance" letter. This expresses regret, emphasizes the value of a good credit standing and urges settlement or the account must go for collection to the Wichita Retail Credit Association. This "last chance" letter brings many answers.

If no reply comes a "last chance plus" follows. This brings good results. If it fails, the account goes for collection. If at any time later we learn through the credit association investigation that poverty exists, the account is withdrawn and closed.

» » »

Why Not Extend Credit Intelligently?

What gets us so "up in the air," so to speak, is to have a member call up for a report on some of the well-known and thoroughly catalogued "dead-beats" and insist upon selling them an automobile, radio, or some other item.

Of course, it is not our business to tell anyone who they shall sell and who not. Still, when we see the record of the sale coming through in the Transcript it makes us feel that all the hard work we put in trying to make credit business safer is just thrown away. We know darn well that that member is going to get stung and in the end blame the Credit Association.

We have had some members tell us point blank that they were going to sell these people, because if they didn't someone else would. Now, isn't that a brilliant course of reasoning? Let the other fellow sell the deadbeats. You get a credit report and leave them alone, and soon you won't have the other fellow in competition with you.

This is no time to be high pressuring "dead beats" to take your merchandise—better save it for the temporarily up-against-it customer, who deserves it and will pay when he gets back to work.—*San Juan Credit Men's Ass'n Bulletin, Durango, Colo.*



Kollex-Its

The Modern Collection Stickers, collect accounts and retain the customer.

Manufactured and Sold by

W. H. BATHGATE

942 Market Street

San Francisco, Calif.

Illustrated Circular of entire line sent on request.

Where Will Prosperity Begin?

The editor of *Advertising Displays* has this to say in the December issue:

"Leave your desk and walk around the corner to your nearest retail store. Stand there and look at it. Small or large—impressive or plain—there it stands . . . a symbol for the moment.

"There, in the multitude of retail stores of this country, is where prosperity will begin. There is the start of good times. There is where increased consumer-expenditures will start the ball rolling. There is the key to the revival of the next upswing in the curve of business activity.

"On the welfare of that retail store depends manufacturing volume, freight car loadings, steel production, Wall Street optimism—and prosperity.

"If, as the wiseacres say, prosperity is 'just around the corner,' keep in mind the fact that it is *in the retail store that is just around the corner.*"

The Silent Reminder!



This beautiful sign, with its message-carrying slogan, should occupy a prominent place in the office of every Credit Manager

Beveled plate glass, royal blue background, with gold letters and emblem, hung by brass chain, size 10x10 inches.

Price \$2.00 Each
Postpaid

Shield "Transfer" Signs, too, on doors or windows. Same as above, but with beautiful gold-scroll border. Special price: 20c each.

National Retail Credit Association
1218 Olive Street, St. Louis, Mo.

WORTH NOTING « «

A Digest of Credit News For Quick Reading

An Extraordinary Record

The adding of 544 New Members to the roster of the National Retail Credit Association during December stands out as an achievement of exceptional importance. It proves that retailers realize the value of an organization which, in good times and bad, has been the stabilizing force of consumer credit. It shows that retailers have become conscious of the necessity of unity of thought and action to promote sound and profitable credit extension.

That retailers are satisfied with their credits and collections, is indicated by the answers to the annual inquiry conducted by the *Retail Ledger*, as to what is the principal problem for the retailer. In 1930, "Credit and Collections" ranked third in importance. In 1931 it was fourth and for 1932 it is listed fifth. "More scientific merchandising" headed the list for 1932, as it did in 1931.

» » »

The CREDIT WORLD extends sympathy to Sidney E. Blandford of Boston, past president of the N. R. C. A., on the death of Mrs. Blandford, December 28, 1931.

» » »

The Associated Retail Credit Men of San Francisco and the Associated Retail Credit Grantors of Alameda County, which includes Oakland, have inaugurated a nine-week credit study class. A class for the discussion of the same subject will be held each week in both San Francisco and Oakland. No charge is made to those taking the course and over three hundred are expected to enroll.

» » »

The Department of Commerce Bureau of Census tells us there are nearly seven and one-half million persons engaged in retail and wholesale trade. Retailing has 3,769,000 full-time employees, 556,000 part-time employees and 1,470,000 proprietors.

The wholesale trade has 65,432 salaried executives, 358,446 salesmen and 1,183,826 office, warehouse and other employees.

The average weekly payroll of the retailers is \$98,733,000, and of the wholesalers, \$57,982,880.

General country stores rank fifth in importance, in the retail trade, according to the *Census of Retail Distribution*. Their sales amount to \$2,000,000,000 and because of their exchange of merchandise for farm products, they are an important factor in agriculture.

» » »

More than half the people of the United States are residents of areas served by retailers located in cities of less than 10,000 population. Forty-five per cent of the 1,549,188 retailers are located in cities and towns of less than 10,000 population.

» » »

The annual building market in the United States is \$8,793,757,180, as indicated by a survey by the *American Builder and Building Age*. Nearly 55 per cent is residential buildings, 30.7 per cent non-residential and 14.4 per cent public works and utilities.

» » »

According to *Crops & Markets*, published by the Department of Agriculture, 26.1 farms out of every 1,000 were sold last year under foreclosure for taxes. The 1930 census shows there were 6,288,648 farms in the United States. This means that 164,143 were foreclosed for taxes in a single year or 450 every day.

» » »

Justin H. Edgerton of New York, past president of the N. R. C. A., is receiving congratulations upon the arrival of a son at his home shortly before the holidays.

Service Coupon Records Broken

During December the Service Bureaus of the National Retail Credit Association used 61,412 National coupons in interbureau reporting, thus saving the overhead expense of billing and collecting on 61,412 items, because of the unique coupon system of the National Retail Credit Association.

All of this work—the printing and issuing these coupons and redeeming them as used—is done by your National Office. During December it meant handling 61,412 checks against our bank account, receiving and paying out \$30,000.

IS THE SMALL TOWN PASSING?

By H. R. DOERING

Extension Division, University of Wisconsin

EVER since the advent of the automobile and good roads there has been considerable discussion as to the fate of the small town. In order to get at the facts in so far as population trends in Wisconsin are concerned, a detailed examination was made of population changes from 1920 to 1930 of all incorporated places in the state. It should be strictly observed that this survey covers only population changes, and not shifts in retail sales between small and large centers.

TABLE A shows population changes in villages and cities by size-groups for the period between 1920 and 1930. For example, eighty-eight Wisconsin villages in 1930 reported population decreases amounting to 11.7% for the *entire group*; sixty-one reported increases amounting to 13.4% for the *entire group*; the net population change for all places in the 101-500 group was 2.1% under their 1920 population.

SIZE-GROUPS TRENDS: As is clear from Table A, only the first size-group containing the smallest villages reported a larger number of places whose population decreased (eighty-eight places), as compared with those whose population increased (sixty-one villages). In all other size-groups increases outnumber decreases. In fact, beyond the 4,001-4,500 level only three incorporated places experienced population declines. One hundred and eighty-nine incorporated places in the state reported an average decrease in population of only 1.2%, while 261 enjoyed an average percentage growth of

21.3%. The state as a whole (both farm and city) grew 11.5% from 1920 to 1930.

QUALIFICATIONS AND LIMITATIONS: This survey is subject to a number of qualifications and limitations, but only a few can be mentioned here. For instance, no data are obtainable for *unincorporated* places; some places have forged ahead through annexation, rather than "natural" growth; certain places were incorporated *since* 1920, with no available figures to measure their growth up to 1930.

Four places, oddly enough, reported identical population figures for both 1920 and 1930.

Legally, the town in Wisconsin corresponds to a township. However, in this survey the popular usage of the term is used.

Observe from Table A that the percentage increases are of modest proportions up to the 4,001-4,500 level, when they expand to considerable size for cities of 13,001 to 25,000. With one exception, cities above 25,000 did not experience the same rate of growth as those in the preceding group.

Oddly enough, too, in only the level containing the smallest towns, county-seat centers reported slightly greater size increases than those for the group as a whole (3.4% *v.* 2.2%).

In all the other groups, county-seat towns registered smaller percentage increases than those of the groups to which they belonged.

As might be expected, the cities and villages along the "Lakeshore" made the most substantial prog-



ress. Incorporated places in five out of eight counties reported increases above the figure of 20.7% which represents the state-wide net gain for incorporated communities.

However, villages and cities in Eau Claire, La Crosse, Outagamie, Dane, Waukesha, and Vilas counties enjoy the same distinction. The last-named county is represented by only one incorporated place.

CONCLUSIONS: Nearly 60% of the villages up to 500 are falling behind, while over two-thirds of the places between 501 and up to 4,000 are barely holding their own. Over 86% of the places between 4,001 and 11,000 are making substantial progress, and most cities larger than 11,000 have grown faster than the average incorporated community in this state.

The evidence is unmistakable that in so far as population trends are concerned, a majority of the small towns are holding their own, while most places in excess of 4,000 are going forward close to the pace of the average incorporated community.

It is believed that in so far as present trends can be projected into the future, small towns will continue for some time to be important distributors of staple merchandise, for most people do not go long distances to buy such wares.

» » »

Reprints of any article appearing in *The CREDIT WORLD* may be obtained at nominal charge, cost depending on quantity desired.

Use Your National Emblem



3/4 Inch
50 cents

All members of the National Retail Credit Association are entitled to use our national emblem on their letterheads and collection forms.

Thousands of them have found it to be a real collection help.

That is why we encourage its use and are prepared to furnish electros of our emblem for printing on your credit stationery.

We furnish these to members only, at cost, plus mailing and handling charges.



When ordering specify size desired.

1 Inch
75 Cents

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET : : ST. LOUIS

TABLE A

Population Changes in Villages and Cities By Size-Groups Between 1920-1930

Size-Groups	Number of Places Showing Decreases	% Decrease Since 1920	Number of Places Showing Increases	% Increase Since 1920	% Net Change
101- 500	88	11.7	161	13.4	- 2.1
501- 1,000	62	7.3	69	11.8	+ 1.9
1,001- 1,500	16	5.1	29	13.9	+ 6.9
1,501- 2,000	7	10.0	16	11.7	+ 4.0
2,001- 2,500	5	15.1	14	13.5	+ 4.2
2,501- 3,000	3	8.9	7	13.6	+ 5.8
3,001- 3,500	1	2.5	7	8.9	+ 7.0
3,501- 4,000	1	16.8	6	8.6	+ 4.1
4,001- 4,500	3	9.4	4	32.5	+ 10.5
4,501- 5,000	1	0.1	3	18.5	+ 13.4
5,001- 6,000	0	-	9	23.8	+ 23.8
6,001- 7,000	0	-	2	11.8	+ 11.8
7,001- 8,000	0	-	5	12.7	+ 12.7
8,001- 9,000	0	-	4	19.4	+ 19.4
9,001-10,000	0	-	4	36.0	+ 24.8
10,001-11,000	1	6.2	3	47.7	+ 47.8
11,001-12,000	0	-	1	36.7	+ 36.7
12,001-13,000	0	-	5	38.7	+ 38.7
13,001-14,000	0	-	3	22.0	+ 22.0
14,001-15,000	0	-	1	152.0	+152.0
15,001-16,000	0	-	3	23.9	+ 16.6
16,001-17,000	0	-	1	20.9	+ 20.9
17,001-18,000	0	-	3	27.8	+ 27.8
18,001-19,000	0	-	1	26.8	+ 26.8
19,001-20,000	0	-	1	26.8	+ 26.8
578,249 (Milwaukee)	0	-	1	26.8	+ 26.8
Incorporated Places	189	1.2	261	21.3	20.7



The Customer's Reaction to the Credit Department

By PAUL VAUGHN

Vice-President, Loveman, Joseph & Loeb
Birmingham, Ala.

CUSTOMERS often feel that they are put to an unnecessary amount of red tape in opening an account, that they are asked questions about their parents and other questions that, while very necessary to the credit man, seem both foolish and impertinent to the customer.

Therefore, it is absolutely up to the credit man to be so pleasant that he will counteract any resentment being built up in the customer's mind while the interview is going on.

How many of us ever stop to figure out what is going on in the customer's mind while we are asking our usual questions?

I believe the customer is asking questions too (only they are to herself and not out loud) and those questions she is asking are about you and the store. And O!—what a help it would be to the average credit man if he could know these questions that are going on in the customer's mind.

I'll tell you, it would change the picture quite often! It would do two things: First, it would change our manner quite often. Second, we could quite often change the customer's opinion that is being formed of us and our store.

How often do we try to see each particular customer's angle in that all-important interview, instead of just taking it as another application?

Why do I call it an "all-important interview"? Because oftentimes it is the customer's first impression of the operation of the store and, whether I practice it or not, it is the golden opportunity to sell that firm to the customer so that if the credit is not extended she will leave the store with a feeling that it is a store of courtesy, or if the credit is extended, with a thought that it is a store of courtesy and service.

Let me tell you, *Courtesy and Service* will sell more goods than all the advertising in all the world.

Did you ever check over the applications that you have taken on which letters of acceptance have gone out but on which no purchases were ever made? There are lots of them. Why weren't these

accounts used—do you ever stop to figure it out—or have you ever gotten in touch with the customers and got a candid opinion from them?

Personally, I think it is very important, because I believe that half of the time the credit man has unintentionally done something that the customer didn't like and although the account was accepted by the credit man, *it was never accepted by the customer.*

Each customer is like a hand of bridge—no two are alike—and you should study each customer as you take the application. Try to make these potential customers feel free and easy; get them to talking on some subject regardless of what it is. Try to learn what they want the account for and when they want to use it and try to have it ready when that time arrives. I have often lost sales and customers by not being ready to sell them when they were ready to buy.

So many of us are so tied up in detail work that we neglect the bigger things in our work, and let me tell you that the biggest part of a credit man's job is to sell his firm to the customer.

When you rush through with an application or collection letter or a telephone call to such an extent that you haven't put your best into it, you have cheated yourself, offended the customer and lost money for the firm.

Now, let's pass on to the customer after the account is opened:

First: The statements go out. The customer goes over them and if something is improperly billed or if she has failed to receive a credit for something she has returned, she doesn't understand the system under which this has happened; she simply knows that it isn't right and a certain amount of resentment is built up in her mind against that entire establishment.

Therefore, it is up to the credit manager to see that the persons who come in contact with the customer in adjusting these are most courteous and diplomatic. Because, if they are not, with the cus-

tomer already irritated by our mistake, it becomes an easy matter for the customer to say to herself: "This will be my last account."

Then and there that account is like the application that is never used. It becomes just a blank page in that ledger instead of an asset in the form of a live, active account which means a boost to the firm as well as a profit with every entry.

Now, let's pass on to the customer whose account for the first time becomes overdue and unpaid:

What is the customer's attitude toward that account? Has she forgotten about it? Is there sickness in the family? Has the husband lost his job? Doesn't she understand our terms, or is it just plain neglect?

These are the all-important questions a credit man is confronted with and they call for the keenest of tact and ingenuity, because it is his first time to request payment and he must not offend the customer.

It may be that she has never been written to by any firm before, therefore, she is very sensitive and let me suggest that before you write that first letter you form this picture in your mind: The length of time you have had the account on your books. Have the purchases been high in the past? Who is this customer? What is the husband's standing both as to credit and financially? What kind of position does he hold? Does his past record justify you in passing this account without sending this first letter?

With this picture in mind, it should be an easy matter to decide whether to write. And if so, what to write.

Now, let's pass on over to those customers who every now and then have to be jogged up about their accounts but are easy to handle and on to the ones that are very delinquent.

What is the customer's reaction to a steady stream of hard-boiled letters? You will say immediately, "Why didn't she answer the first one?"

There are many reasons in her mind—she was out of the city; she had death in the family, or hoped to get some money; maybe she was ashamed to talk to you because she couldn't tell when she could pay.

The solution of this problem is again a *study of your customer*. Find out—if possible, get in touch with that customer before instead of after all the hard-boiled letters go out, and if you will do this one-half of those letters will never be written. Because most of them have a reason and if the credit man knows that reason, he can work toward the collection of that account in a way that will build up good will and business for the future.

In summing up the customer's reaction she says: "The store should have a pleasant, accommodating credit manager who will try to make us feel at home; who is ready to sell us when we are ready to buy, who will see that the bills are properly posted, that credit is given for merchandise returned; who will see that the person waiting on us, when there is a mistake in the bills, is both courteous and obliging; who will find out who we are before he writes us our first letter and get in touch with us before he threatens to sue us."

This, in my mind, if followed out, makes a credit man's job a bigger job, makes the credit man a bigger man and the firm he represents more friends and, in the final analysis, more money.

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Detroit

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The largest collection department in the city specializing on **RETAIL ACCOUNTS**. The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

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Present-Day Collection Procedure

By TIMOTHY FORSUM

[[Editor's Note: "Timothy Forsum" Is the Pen Name of a]]
[[Past President of the National Retail Credit Association]]

COLLECTION procedure commences as soon as you read a report from the credit bureau and it shows a credit standing good enough for granting an account, according to your store policy.

If, in the so-called "rush" of getting the report to you, an employee of the bureau "cheats" on credit information, you have a false start, a bad condition, at the very beginning of your collection procedure on that account.

Accordingly, in order to avoid repetitions of that evil of false reporting, it is your duty to report everything of that kind when you learn of it, so that the bureau manager can correct the condition and if he won't correct it—he knows too much for his job.

Therefore, it is ultra-important that reports be 100 per cent accurate so that you have a safe foundation upon which to build your collection system. Is that so, Mr. Bureau Manager?

It is essentially necessary in a good collection system for the credit manager to know something beyond the narrow confines of his own offices; he should be not only a student of local, national and world conditions but he should be master of all that kind of knowledge that is attainable.

He should understand the smaller fundamentals of world and national finance such as the reason for a metallic standard of exchange in trade. He should know why the Gold Standard was for many years the basic monetary standard of Great Britain and how, in 1896, the financial geniuses of that country were influential and successful in endeavoring to have the United States on a gold standard.

He should know that, at that time, Great Britain was not only "mistress of the seas" but also mistress of the gold reserve of the world. He should know that in 1931 the United States became the master custodian of the gold reserve of the world and that immediately the financial geniuses of Berlin and London found a way to change from a gold standard to a bimetallic standard of both gold and silver—and that eventually the effect would be to reduce the value of the American dollar so that when the World War debts should be paid—

the United States would be the loser and England and Germany the gainers by many billions of dollars—and if the war debts are cancelled we American taxpayers lose by many billions more.

He should know that such a condition will rebound quickly even to the detriment of *local* collection percentages and require a changed collection procedure—because the additional national taxation necessary to pay the honest obligations of the United States will reach into every home and affect every retail account unpaid.

And he should know that every time a Communist immigrates to the United States—or a present resident or citizen becomes communistic—the retail credit morale becomes lower. Why? Because Communists believe that anything produced by labor belongs to them and as a consequence they do not believe in paying for something that they think should already be their own. The slogan of the socialistic and communistic is, "Production for use and not for profit."

Get out a pencil and paper and make note of this new truism:

That the hereinbefore mentioned slogan is fast making bad credit risks of the communistically inclined and is adding one more evil to the various problems of retail credit.

Therefore, keep your glasses focused upon new accounts with communistic individuals and make your collection procedure consistent with their hardened atheistic consciences.

It is my opinion that there should be very close national and state supervision of savings banks as to *prevent their failure at any time* and especially in a depression such as now exists. That should be another important consideration in collection procedure.

"Present-Day Collection Procedure" to be "safe and sane" should be consistent with a presumed policy of maintaining "store good will"; but only to the point of age when the danger point is reached.

After that, it is your duty not only to throw the "burden of proof" upon the debtor, but prove to the debtor that it is not your fault that the bill

(Continued on page 24.)

THE PRESIDENT'S MESSAGE

FRANK BATTY

President National Retail Credit Association



A Greeting for the New Year

I CANNOT refrain from using my page this month to express, feebly it is true, sincere gratitude, with heartfelt thanks and appreciation for the manifestations of friendship and that splendid spirit of loyalty and cooperation which prevails in our ranks.

I do not recall that I ever spent a happier Christmas. Cards of greeting, letters and telegrams from far and near came in abundance.

New England and Old England, Florida and Hawaii, and almost every state in the Union, sent messages of good will and kindly thoughts, all of which are helpful and encouraging.

For several days before December 25th there began to arrive at my desk large important-looking envelopes—thirty in number—bearing the Oklahoma City postmark, with the instructions "Do not open until Christmas."

Naturally, I sensed "Mac and Memberships"—synonymous terms—but restrained curiosity as to number until the appointed time. With feverish excitement the "pie was opened and the birds began to sing" to the tune of 524 new National Memberships!

He would be callous indeed who failed to be moved to emotion by such expressions, and words are utterly inadequate to convey my personal appreciation and thanks to all those who so kindly exerted this special effort with such splendid results. Fellow-members and colleagues, I am truly grateful and thank you with all my heart.

We have entered upon a new year with new hopes, aspirations and possibilities, and we are confident that "hope which springs eternal in the human breast" is well founded in our anticipations for 1932.

Never was there a time in our history when credit conditions were more complex than now, and the signs of the times should impress us with the thought that we are charged with great responsibilities, collectively and individually. The situation confronting us demands a vigorous determination to cooperate more closely with those forces which make for law and order in the realm of retail credit.

In wishing you all continued happiness throughout the New Year, may all our hopes and ambitions be abundantly realized.

Christmas Present Application

Mr. A. D. McMullen,
Oklahoma City Retailers Association,
Oklahoma City, Okla.

Dear Mr. McMullen:

Send my application to President Battay and tell him I will support the National Retail Credit Association in its efforts to improve credit conditions for me. Send me the Credit World regularly each month. My check for \$5.00, one year's membership dues, is attached.

Name LAWRENCE SCHOTT Address CASS AVE
City MT. CLEMENS State MICH Date 11-25-31
Firm HUBBARTH & SCHOTT CO Kind of business LUMBER
Recommended by John W. Vieg W. B. Clemens



WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

FOREWORD

CONGRESSIONAL treatment of economic matters has a marked effect on business and the way this Seventy-Second Congress reacts is particularly important.

Forecasts that it would be destructive have not to date been borne out, even though it was slow in organizing. Uncertainty over party control made delay in organization inevitable. Wise legislation will have a measurable effect on business recovery and it is the writer's feeling that Congress may help and not hinder.

Legislative

(a) Public attention at the opening of Congress was, of course, focused on the President's recommendations for legislation to relieve the emergency and at the present writing, December 31, 1931, really rapid progress has been made on these recommendations.

The Senate Banking Committee has completed hearings on Senate 1, the bill of Senator Walcott, to create the "Reconstruction Finance Corporation" and by the time this bulletin appears in print this legislation may have been enacted into law. The companion of the Walcott bill on the House side is H. R. 5060 introduced by Representative Strong of Kansas.

The bills to further another of the President's recommendations, home construction and owning, by means of a "Federal Home Loan Discount Bank," introduced on the Senate side by Senator Watson of Indiana, S. 35, and on the House side by Representative Luce of Massachusetts, H. R. 5090, may now make further progress.

Muscle Shoals is again to be the subject of controversy. Congress has before it the recommendations of the President's Commission authorizing the sale of power at the switchboard; House Joint Resolution 54, the author of which is Representative James of Michigan, providing for Government ownership and operation of Muscle Shoals; and H. R. 5622, introduced by Representative Rich of Pennsylvania providing for the sale by the United States of the Muscle Shoals properties to a corpora-

tion to be created by the States of Alabama and Tennessee.

Of course, it is needless to say that there are innumerable so-called relief bills introduced, prominent among the authors of which may be mentioned Senators Norris, LaFollette and Costigan, and on the House side Representative Patman of Texas, the last named another bonus measure.

(b) Representative Hogg of Indiana has introduced H. J. Res. 112, to amend the Constitution of the United States permitting the Federal Government to collect income taxes from state or municipal securities. A resolution similar to the Hogg resolution came up in the House of Representatives some five or six years ago and came within five or six votes of passage.

Many think that the Hogg resolution will stand an even better chance this time because there is a feeling in some quarters that tax exempt securities of states have encouraged extravagance in state expenditures.

Representative Hastings has introduced another joint resolution, H. J. Res. 89, which would permit the President of the United States to veto any specific item or items of an appropriation manner but approve the rest of the bill. This bill is aimed to prevent log jams at the close of legislative sessions.

If H. R. 4603, introduced by Representative Kelly, should become a law the heads of the cabinet would have the right to occupy seats on the floor of the Senate and the House with the right to participate in debate on matters relating to their respective departments.

(c) Bankruptcy is, of course, the burning topic for most credit grantors but as of this writing very few bankruptcy amendatory bills have been introduced. Senator Sheppard has introduced S. 2291 amending subsection b, of section 60 of the bankruptcy act. This has reference to preferences.

Senator Hastings of Delaware has introduced S. 2199 exempting building and loan associations from being adjudged bankrupts. Representative Sirovich of New York has introduced H. Res. 66, calling for an extended investigation of bankruptcy by the House Judiciary Committee while Representative

Cellar of New York has introduced H. R. 242, defining the meaning of the word "receiver."

(d) At Toronto in 1930 the question of changing the name of the N. R. C. A. so as to permit including in the membership the Canadian retail credit grantors was discussed and in the Convention of 1931 at St. Louis the writer pointed out the magnitude of United States interests in Canadian business.

It is interesting to note in this connection that on December 21, Senator Kean of New Jersey introduced S. Res. 118, under which a representative of Canada would be a member of our Federal Reserve Board. It further provides for stabilization of Canadian currency on a par with that of the United States.

(e) Recovery of claims for damages against the United States is covered by a bill introduced in the Senate by Senator Howell of Nebraska, S. 211, and in the House by Representative Cochran of Missouri, H. R. 106, and by Representative Collins of Mississippi, H. R. 5605.

Other bills introduced of interest to retail credit grantors are the Cochran bill, H. R. 1205, prohibiting the use of the mails when designed for racketeering and similar purposes; H. R. 484 introduced by Representative Watson, prohibiting the sending of unsolicited merchandise through the mails; and S. 1243, introduced by Senator Robinson of Arkansas, prohibiting bribery in Interstate Commerce.

Departmental

(a) Memberships in wholesale and jobbing national organizations have been declining, it is said, in the past two or three years but not all of that drop is to be attributed to the depression. A report from the Federal Trade Commission on December 22, of results of the chain store investigation, would indicate that purchases by chain stores direct from manufacturers and not through wholesalers or other middle men is another reason for that decline.

(b) When the \$47,000,000 farmer drought loan bill was passed in the last Congress many thought Uncle Sam could kiss this money good-bye. Apparently many farmers believe with credit grantors that credit should be regarded as sacred since figures as of December 11 indicate that approximately one-third of the \$47,000,000 has been repaid since the first of July.

The South in particular is doing well in repayments and the state which was hardest hit by the drought, Arkansas, is in the lead with more than four million repaid. Mississippi and Texas are second and third respectively with one and two million.

Incidentally, reduced acreage of wheat, prospec-

tive poor condition of the winter wheat crop, and increased feeding of wheat to live stock, are said to be responsible for a slow improvement of agriculture.

(c) The annual report of the Postmaster General includes figures on return registered receipts with addresses for five months of 1931, commencing January 31, and ending June 30, and are as follows: "Return receipts requested at the time of mailing to show where the articles involved were delivered covered 48,938 domestic registered articles and were charged for at 23 cents each, producing a revenue of \$11,255.74."

Court Decisions

(a) The Supreme Court on December 7 handed down a bankruptcy decision of great interest. Many times a trustee in bankruptcy has desired to sell the property in his charge free of liens with the liens transferred to the proceeds of sale, but sometimes courts have not agreed to sign orders to this effect, contending that district courts sitting in bankruptcy lacked the power to do so.

The question has now been settled by the Supreme Court of the United States in *Van-Huffel v. Harkelroad*, Treasurer, etc., in which the court held that while the bankruptcy act may not in specific terms so provide yet the general equity powers of a court exercised in conjunction with section two of the bankruptcy act providing for the collection, reduction to money, and distribution of the assets of bankrupts, authorizes the courts to empower sales by trustees free of liens.

This decision, it is contended by many, may result in somewhat better results being obtained by general creditors from the sale of bankrupts' assets.

(b) The date of receipt of official registered letters from which the time limit in appeals begins to run is sometimes of importance. Under section 274(a) of the Revenue Act of 1924 a taxpayer has sixty (60) days within which to appeal to the U. S. Board of Tax appeals when notified by the Commissioner of Internal Revenue of a deficiency assessment.

In *Whitmer v. Lucas*, Commissioner, et al., the Circuit Court of Appeals for the Seventh Circuit in its decision points out that under this provision it is not necessary to prove delivery of the notice but that where such notice has been incorrectly addressed to the taxpayer's wrong address, but has actually reached the taxpayer, the notice is valid.

If, however, improper addressing of the notice causes a delay in delivery to the taxpayer, which does not give the taxpayer the full sixty (60) day period, a decision adverse to the taxpayer and not taking into account the loss of time occasioned by a wrong address, may be upset.

The Nation's Capital Expects You in June!

By MILFORD BROTMAN

Manager, Bond Clothes Shop
Washington, D. C.

TO THOSE of the National Retail Credit Association who will attend the National Convention this year, many opportunities will be given which are unrivalled. During 1932 the Bicentennial of the Birth of George Washington will be observed with appropriate ceremony and pageantry throughout the United States but in no locality will this observance reach the proportions of the observance in the capital city of the nation, Washington, D. C.



The Capitol from a Distance

There will be the usual business sessions which are a necessary adjunct to all conventions, but it is the intent of the Transportation Committee to see to it that the trip to Washington of each delegate will be something he will remember in the years to come as the outstanding sojourn of a lifetime.

On the night of Monday, June 20th, there is planned for the delegates a moonlight trip down the historic Potomac River from Washington to Indian Head, Maryland. On the route of this trip we will pass Alexandria, a quaint colonial city of Virginia which still retains its "eighteenth-century air." This city was the largest seaport in the United States when the capital was first moved to the District of Columbia from Philadelphia. It is also the site of Christ Church where George Washington attended and the Lodge of Free Masons of which Washington was a member still meets there.

Farther down the stream on the Virginia side of the river we will pass Mount Vernon, the colonial

estate of George Washington, which presents a picturesque scene in the moonlight.

Other features are planned for this moonlight trip but they will be held in secrecy in order that all delegates may have something to look forward to.

In the afternoon of Tuesday, June 21st, the ladies and their guests, under the guidance of Miss Elsie M. Lee and her charming Ladies' Committee, will tour the city of Washington, the Arlington National Cemetery, and Mount Vernon.

The city of Washington is a beautiful city and is constantly being beautified in accordance with an extensive plan which has been authorized by the Congress. In the city tour you will see the Union Station which is the largest one-story structure in the world. It is modelled after the Imperial Roman triumphal temples and stands out as an exquisite example of architecture. On the plaza in front of the Station are three flag poles which are replicas of those on the plaza of St. Mark's in Venice. During the World War these poles were graced with the flags of Great Britain, France, and the United States.



Union Station, Washington

Washington is also the site of the largest brick building in the world, the Old Pension Office; the famous Octagon House where Dolly Madison took refuge when the British captured the White House in the War of 1812; and the Scottish Rite Temple which is a replica of the Mausoleum of Halicarnassus.

With reference to the Octagon House, there are many strange stories and old wives' tales concerning it. It is rumored that carriages are still heard

creaking in its carriage yard, that Aaron Burr still holds tête-à-tête with Dolly Madison, and ghosts appear as if from nowhere through its secret panels. It is a veritable maze of trapdoors, spring-locked panels, and disappearing doors. It is now the headquarters of the American Institute of Architects.

In Georgetown the delegates will be shown through the quaintest residential district in America. It is perhaps the only place outside of New England where one may see so many old colonial houses.

In addition to the many beautiful buildings of classic design, Washington also possesses what is believed to be the greatest architectural monstrosity of the world! It is the State War and Navy Building and more often referred to as the "Gingerbread Palace." Even mad Ludwig of Bavaria was too sane to perpetrate upon the world such a fiasco. But the extensive plan of Congress will soon change it to a classic structure comparable to the Treasury Department on the other side of the White House.

On the way to Mount Vernon we will pass over the Arlington Memorial Bridge which is only now in course of completion. It is a stone arch bridge with a bascule span in the center.

The Arlington National Cemetery is on ground once belonging to General Robert E. Lee of the Confederate Army. The Lee Mansion is still intact and nestles away on the brow of a hill overlooking the Potomac. Somewhat down this hill is an amphitheatre of classic Greek design before which the Tomb of the Unknown Soldier reposes.

The caravan then goes through Alexandria, Virginia, and on to Mount Vernon.

This message to the members of the Association is in the manner of teaser copy since space does not permit of telling all. Neither is it our intention to tell you all. Plan to attend the convention and we will see to it that all is shown you. And you won't have to be "from Missouri" either.

» » »

St. Louis Will Have Special Train to the Convention

The Associated Credit Men of St. Louis will run a special train to the National Convention in Washington next June.

An urgent invitation is extended to all members, especially those from the West and Southwest, to join them.

Side trips may be arranged to New York, Boston or Canada for those who plan taking their vacations after the convention.

For full information, write Cliff Merriam, Chairman Transportation Committee, Associated Credit Men, 511 Locust St., St. Louis, Mo.

What Price Bankruptcy?

The Daily Hampshire Gazette, Northampton, Mass., comments editorially upon the strange case of a mill worker and his wife, each of whom filed petitions in bankruptcy with total liabilities of \$75,000, and with less than \$400 assets.

Commenting on this strange state of affairs, *The Daily Hampshire* states:

"Maybe the chief source of their indebtedness was that they were trusted by one retail merchant until the bill had run into three or four figures, then they patronized another retailer until his patience and perseverance were also exhausted, ad infinitum, until they had run up a total indebtedness in their community of \$75,000, with less than \$400 of tangible assets. What chance have their creditors of collecting even 50 cents on the dollar?"

"Assume," says the *Gazette*, "that the man earns \$35.00 a week for the benefit of his creditors. At that rate, it would take him more than seventy-five years to pay off even half of his debts."

Thereupon the *Gazette* points a moral, which is that business and professional men in every community should use the services of the Credit Bureau.

This, too, has another moral from the standpoint of this Association: namely, the necessity of changing present bankruptcy laws.

Collect Your Bills Promptly!

Louisville Department Store
Reorders 29 Thousand

COLLECTION POINTERS

Hundreds of users of COLLECTION POINTERS have re-ordered because these pleasantly-worded, eye-arresting little gummed stickers bring in the cash. Use them in series at 45, 60 or 90 days. Special Pointers for Special appeals. Makes credit department records jump.

FREE
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SPECIAL TRIAL OFFER

Try 100 each of the 5 Pointers ordered by the Louisville store. We mail them the day your order is received with Trial Order check enclosed for \$3.00.

404 So. 12th Street

COLLECTION POINTER CO.
OMAHA, NEBRASKA

Present-Day Collection Procedure

(Continued from page 18.)

is owing and is unpaid. Some merchants are so fearful of the "loss of a sale" later—that you credit people are either not permitted to do that—or you lack the courage to do it on your own initiative.

I believe that it is perfectly proper to use letters that show existing business conditions and in the years of 1913, 1921 and 1931, I used the following paragraph, which I believe every one of you should use in at least one of your collection letters:

"At this time, it is well known that retail merchants and professional men throughout the entire country have found it positively necessary to require prompt adherence to terms, and experience has taught everybody that this is especially the proper principle to consider in handling that co-operative convenience known as a monthly charge account."

"I care not what others may think" but I believe that in these times and those just ahead, you should be careful of your credit granting and more insistent upon prompt payment than ever before. Your bureau should be more careful in its investigations; that will help some.

You should use any legitimate means to make your customers understand terms and that payments must be prompt. If you lack the nerve to do it in a letter, or in person, do it with an insert sent with a letter or a special statement.

In addition to all these other things, there should be closer cooperation among you. I recommend that you get a report from your bureau on every application; that the bureau be more careful in its investigations; that when an account becomes overdue you check again through the bureau to ascertain how the debtor is paying his rent, his grocer and his other bills; that your collection system should include in it prompt reporting to the bureau of all derogatory information, such as accounts sent for collection to attorneys or agencies, profit and loss accounts and domestic troubles.

» » »

Bankruptcy Reform—The Case for the Retailer

A thirty-two page booklet written by R. Preston Shealey of our Legislative Committee, presenting the case of the retailer in clear, convincing form.

We would like to see this booklet in the hands of every retailer—and every member of the present Congress. Your National Office has obtained a quantity of these booklets for distribution to members at the cost of printing—25 cents a copy.

Advanced Credit Course Ready

The Advanced Educational Course, which our Educational Committee has been working on for almost a year, will be ready *by the time this issue reaches you*. Work may be started immediately in the formation of such classes.

It is recommended that this course be used by students who have satisfactorily completed our regular Educational Course.

The course will use as a text the new book, *Credit Department Salesmanship*, written by Bartlett and Reed (co-authors of *Retail Credit Practice*, one of the texts used in our regular course). There will be a syllabus covering twelve lectures. Subjects included are:

- "The Credit Man—Super Salesman"
- "Credit Salesmanship Fundamentals"
- "Salesmanship in Credit Interviews"
- "Office Conferences—Adjustments"
- "Selling the New Credit Policy"
- "Collection Salesmanship—1. Contact"; "Collection Salesmanship—2. Letters"
- "Efficient Credit Service Builds Sales"
- "Cooperation Between Credit and Sales Departments"
- "The Methods of New Account Promotion"
- "The Modern Science of Customer Control"
- "Installment Sales Promotion"

Business is looking more and more to the Credit Department to develop a real sales organization. The fundamentals of credit salesmanship are thoroughly covered in this course as is the psychology of collections.

As in the previous course, all students making a satisfactory grade in the final examination will be awarded a diploma.

Start the ball rolling. Organize your Advanced Class now. Write today for complete information.

Educational Department National Retail Credit Association

Executive Offices, St. Louis, Missouri

Announcing—

“Credit Department Salesmanship”

By BARTLETT and REED

Authors of
“Retail Credit Practice”

Ready about January 15—

Harper & Brothers, the publishers, in their advance announcement, say:

“Here, two foremost authorities examine every phase of the credit executive’s job—and tell how credit interviewing, granting or even refusing of credit, collection of debts, credit service, customer control, can all help to get more customers into the store to buy more goods.

“Full authoritative discussions of such important topics as:

1. Use of selling psychology in credit work.
2. Use of sales promotion to build up more charge accounts for the store.
3. Use of letters for both collection and sales building.
4. Use of the newest methods of handling the installment credit problem.

“These are but a few of the topics covered with specific suggestions from successful experience.”

Designated as official textbook for the Advanced Credit Course.

Price \$3.50

Order now, for delivery
as soon as published, from

**National Retail Credit
Association**

1218 Olive St.

St. Louis, Mo.

More and Better Bankruptcies

The *New York Times*, in its issue of December 10, carried the following news item:

ADVOCATES BANKRUPTCIES

Lawyer Says Atlantic City Needs More and Better
Petitions

Special to The New York Times

ATLANTIC CITY, Dec. 10.—What this town needs is more and better bankruptcies, in the opinion of Robert Steedle, president of the Atlantic County Bar Association and referee in bankruptcy. He expressed his opinion today to the Kiwanis Club at its weekly meeting.

“Men shun bankruptcy because they imagine it carries a stigma,” Mr. Steedle declared. “That should not be the case. It is the law of the land, and a citizen should no more hesitate in availing himself of its advantages than he should in accepting the benefits of any other law.”

From a legal viewpoint and possibly technically the honorable referee is right, but our experience with personal bankruptcies is that 80 per cent of them could have been avoided if the individual had taken advantage of the willingness of creditors of today to cooperate with those heavily in debt to pool claims and amortize them over a long period so they may be paid out of budget.

It is like the doctor who insists on an operation while another doctor will by the application of modern methods cure the patient without using the knife.

Regardless of the honorable referee’s opinion there is a stigma to bankruptcy, particularly personal bankruptcy, which, like the mark of an operation, is carried through life.

It’s hard for the retailer to visualize the need of more bankruptcies when a recent survey shows 260 retailers reporting 9,370 bankrupts in three years with debts amounting to over \$4,000,000 chargeable to bad debt losses of individuals.

» » »

We have just heard of a dentist who posted on the wall, in front of each of the three chairs in which the patients sat while being treated, a sign reading:

**“IF YOU CAN’T PAY YOUR
BILL, DON’T SIT DOWN”**

and the strange part of the story is that he was doing more business than all other dentists in town.

» » »

Retail sales by chains selling household appliances amount to 191,500,000 annually. These chains operate 4,472 stores selling electrical and gas appliances. Of this volume 77,175,425 or 40 per cent was for cash, 75,005,115 or 39 per cent on installment and 39,366,863 or 21 per cent in open charge accounts.

Permanency—First Requisite of a Collection Service

The permanent character of a business has much to do with its being sought by customers as a source of their supply of merchandise or service. A life insurance company would be of little account were it not for the fact that its permanency is practically assured. Manufacturers who have made an article for so long that its trade name has become a household word are very likely to become permanent fixtures in the manufacturing world.

A collection agency which is selected for real service is one that has assurance of permanency. A credit man wouldn't consider purchasing his automobile from a manufacturer whose stay in business was doubtful, no more than he would enroll his children in a university or college which had no standing or guarantee of permanency.

Credit men are constantly subjected to a barrage of promises made by numerous agencies attempting to secure claims for collection. Low fees and almost laughable promises and guarantees are offered by the high-pressure salesmen employed. But what is their guarantee that the organization they represent is permanent? If it is a group of individuals it may be permanent or it may be temporary—the same may be said of corporations.

The true test of permanency is the character of the organization and its affiliations. A product without the backing of a permanent organization would have absolutely no guarantee of permanency. The permanency of the credit organization is not questioned. It will be in existence so long as business is done on credit—after that time you will no longer be worried about collections.

When you turn this matter over in your mind and give it due consideration, you cannot help but be reminded that permanent organizations do not

quote low fees or make rash promises to get the business and then make up the difference somewhere else, you, of course, paying in the end. Consider that new collecting schemes are constantly entering the field and in order to get business must make better promises, promises considerably better than those of an established organization.

There are certain limits to just what promises can be made in this business and some are not very careful to stay within these limits. Permanency in the collection business is just as important as in the life insurance or manufacturing businesses.—*Reprinted from Collection Department Bulletin of the St. Louis Credit Bureau.*

» » »

Orders for the "glass shield" wall sign have shown a gratifying increase since our last issue was published.

People Observe Emblems

Wear Yours—It Carries a Credit Message

LAPEL BUTTON OR PIN



Solid Gold, button for men, pin for women, \$2.00

It "places" you—in the customer's eyes—and puts the moral support of this national organization behind you.

WATCH CHARM



Solid Gold with ring for attaching, \$6.00

It "places" you—in the eyes of the other credit grantors—as an active worker for Better Credits.

The National Office is also prepared to furnish—on special order—loving cups, plaques and other tokens bearing the National emblem, for special gift occasions.

EMBLEM RINGS



Solid Gold, shield style, plain, \$9.00



Solid Gold, signet style, plain or hammered, \$9.00

Order from
National Retail Credit Association

1218 Olive St.

St. Louis, Mo.

Chicago Collections

Should Be Sent to

Credit Service Corporation

Collection Department of the Chicago Credit Bureau, Inc., and Credit Reference Exchange, Inc.



The Official Credit Reporting Service of the Associated Retail Credit Men of Chicago
35 South Dearborn Street, Chicago, Ill.
Telephone, Randolph 2400

Credit Reports

Collections

Some Qualifications for the Credit Man

By A. J. WALKER

General Manager, Oppenheim, Collins & Co.
Brooklyn, N. Y.



WHILE the position of credit manager is of sufficient importance to warrant and receive from the management the fullest respect, confidence and co-operation, yet this feeling must be developed and brought about by the credit manager himself.

Let me list in a general way some of the main qualifications needed to become a good credit manager. He should be:

- A—A good judge of human nature,
- B—Courteous,
- C—Tactful,
- D—Have a serviceable memory.

(A) In order to judge human nature, get a good book on Practical Psychology, study it thoroughly, then take concrete cases and apply the principles. You will find that as you apply them, your knowledge of human nature will increase and while it is true that each person presents a new problem, yet the general rules can be applied with effect upon every individual you contract business with, as well as every individual you come in contact with in a general way.

Generally speaking, you will find that human nature will respond readily to suggestion and the reaction to any thought or suggestion made, is usually the result of cause and effect. Learn to know the reason for things, then study the effect upon the individual and you will advance farther in the business world than you will without this knowledge.

A very simple way of reasoning is to put yourself in the place of the other fellow and think how you would react to certain things or conditions under the circumstances.

(B) Always be courteous. You will find that even though you may have to deal with individuals to whom courtesy seems to be an unknown quality, yet if you remain courteous, no matter how trying the situation may be, you will always have a favorable reaction upon those with whom you come in contact. You can always be master of any

situation if you will always remember this: BE COURTEOUS!

(C) To be tactful requires a fund of human knowledge and can be studied and practiced, but the essential consideration is this: Do not intentionally do or say things in your business transactions that will cause offense or resentment; while this may seem like asking you to do the impossible, yet it can be accomplished, if constantly practiced.

You can be courteous and tactful and yet be master of any situation that may arise. You can and should be firm, diplomatic, forceful, insistent and masterful, but with it all you can remain human.

(D) A serviceable memory! You may lighten the burden of details by means of mechanical aids, you may standardize to a high degree your working conditions, or you may have competent subordinates, but certain things must be entrusted to the memory, so that you may have a store of useful knowledge always at hand.

It is said that the average man does not use more than 10 per cent of his actual inherited capacity for memory, but wastes 90 per cent by violating natural laws of remembering.

A credit manager who is seeking further responsibilities should have a knowledge of:

- A—Credits,
- B—Collections,
- C—Accountancy,
- D—Business law (as applied to agency and contracts),
- E—Collection law,
- F—Systematizing,
- G—Correspondence.

(A) Credits: A thorough knowledge of credits is required so that you may know what information to obtain when opening an account; after it has been obtained to know whether to open the account or decline it.

You should know from the information given just how much credit to extend, what terms to get; and when a sale is made, whether additional credit

should be extended when the account has been either partially or fully paid; whether to reduce the amount of the purchases that have been sold to a customer by a salesman. In the absence of definite information, to know how to get whatever information may be desired.

(B) Collections: Successful collections are a matter of knowing how and when to collect—if collectors are used to know how to properly train them so that collections may be made effectively and efficiently.

Too much thought cannot be given to this problem in the sense that collectors can either make or unmake a credit manager, as well as have a serious effect on the sales volume. It is therefore very essential that a thorough training be given them; here is where a knowledge of human nature can be used to advantage.

Where business is transacted upon the basis of credit, personal integrity as well as financial status must be taken into consideration with regard to the establishment of credit and later used as a basis to effect collections. In planning your collection methods, it is essential that human traits be taken into consideration.

People, generally speaking, when paying their bills are actuated by one of three motives—honesty, pride and fear. Collection of accounts is mostly a matter of persuasion, therefore the first two motives, honesty and pride, can be used effectively. The third motive, fear, being used only as a last resort.

(C) Accountancy: Although this point may not be considered to be an important one, yet it has been proved a number of times that a knowledge of this subject will enable you to make up and prepare a more comprehensive analysis of your business and the results thereof, than could be prepared by one who does not have the knowledge.

You will be better able to read and comprehend a financial statement and know exactly what it means. You will be able to assume supervision over the accounts receivable department, thereby increasing your responsibilities and as a result increase your earning capacity.

You should certainly be able to distinguish a debit entry from a credit entry. You should know how to open and close a set of books; how to take a trial balance; how to read a balance sheet as well as a profit and loss statement. These things are not very difficult to master as they are simple bookkeeping. If you already know the details of bookkeeping you should take up accountancy, or you will find a lack of this knowledge somewhat of a handicap. You should acquire at least a knowledge of bookkeeping—the principle of which is: "Debit what comes in—credit what goes out."

(D) Business law (as applied to agencies and contracts): While this is a very broad subject to

master, yet your familiarity with it will enable you to avoid many pitfalls. You will be able to draw up or recognize a lawful binding contract that will not be amendable or abrogated. You will know whether certain business transactions are within the law or simply ethical.

With reference to agencies, there are times when all of us act as agents for others. At times you will deal with agents, where you represent someone else, or an agent will deal with you, acting as an agent for someone else. This is a common relationship and everyone who is dealing with business or business problems should have a knowledge of the right powers, duties and responsibilities of agency.

Business will only flourish where law prevails. Consequently the greatest business development is found in those countries where there are established laws. Law regulates business in many directions and defines rights and provides a remedy when those rights are infringed upon.

The primary purpose of all law is to do justice, to restrain those who violate the law, and to protect the person who is doing business within the law.

The law of contracts enters into almost every business transaction, because business is the making and filling of contracts. To make a contract binding, certain things are requisite. Most contracts are in writing, but some can be implied without the making of a contract. However, you must be able to prove contracts in case of disagreement.

(E) Collection law: This is indeed an important item and every effort should be made to at least master the fundamental principles so that you may know how to proceed with an account both before and after suit. All credit managers should know this phase of their work so they may avoid legal pitfalls until matters reach a point where it is necessary to obtain legal advice.

(F) Systematizing: Effective systematizing can only be brought about by standardization both with

(Continued on page 32.)

Wichita Collections

Should Be Sent to

The Wichita Retail Credit Association, Inc.

201 Kaufman Bldg. P. O. Box 385 Wichita, Kansas

The only affiliated member in Wichita
of the
Kansas Associated Credit Bureaus
and the
National Retail Credit Association

Standardized Accounting Records for Collection Bureaus

By WARREN W. SMITH

Collection Manager, Merchants Association of San Jose, Ltd.
San Jose, Calif.

IN DISCUSSING "Collection Bureau Records," I include statistical records as well as financial records. Financial records are those records such as statements of assets and liabilities and operating reports that result from entries made in books of original entry afterward going through the general ledger.

Statistical records are all other records that result from the bureau's operation such as, number of claims received from a client, number of first notices returned and amount, number of calls made by field representative, etc.

These two types of records in many instances are so closely related that they are inseparable. Often the same figure will be found in both classifications. Many times statistical records prove more valuable than the financial records.

Of course, financial records are a necessity in this age of highly complicated business and legal procedure, but it is the statistical information that explains the reason for conditions shown by finance records, and therein lies their special use and value.

In collection bureaus, we are forced to compile what we think of as strictly accounting records for our own protection. In our line of work, every precaution should be taken to show the various steps in any transaction. People seem to be naturally skeptical of collection agents. Poorly kept records in the past have helped to develop this attitude.

It would be impossible, however, to write the complete financial history of any business for that is what accounting records do, without statistical records. It is this type of record that explains the "why and wherefore" of statements of assets and liabilities and operating reports and many other events that take place in the operation of a collection bureau.

Have you ever had your board or secretary or governing committee chairman ask you: "How are collections? Are you making any money? If not, why not? If you are, isn't your rate of commission too high? What does it cost you to collect? What percentage of your claims do you fail to locate? Does it pay to have a field man? How many calls a day can he make? How does your legal department stand? How does our bureau compare with other bureaus?"

Have you ever had a client meet you and say: "What's the matter with your Collection Bureau? I haven't had a check from you in ages." or "Gee, this last check we had from you was a measly amount. Our bookkeeper tells me your services are costing me 50 per cent. What's the matter?"

There are many others that are all too familiar to you. Can you answer these questions and support your answers with facts and figures? It is not my intention to answer these questions. If time permits, I will tell you how you can prepare your records and be in a position to answer them.

We succeed as managers and bureaus only so long as we satisfy our clients and boards of directors. I include directors because they are the ones a large portion of our clients hold directly responsible for results. On the other hand, if we keep our clients satisfied, chances are our board will be satisfied. But how do our clients and boards measure our success?

In business as well as through life, we measure success and failure by making comparisons. What is comparison based upon if it is not the relationships of one organization or individual with another in the various services they endeavor to sell, whether in merchandise or a collection service?

The degree of our success, as collection bureaus, depends upon how well we collect and at the same time retain the good will of both the creditor and the debtor, but to the bureau manager, in the internal operation of his office, no small amount of his success is gauged by how nearly he measures up to records set by his fellow bureau men.

A bureau doing the largest volume of business may not be as efficient or even as profitable as another doing less in volume. Then, too, the bureau operating at a low cost may be missing many opportunities to collect because it lacks equipment and personnel. An operating cost that results in a small volume when the new business is on hand is not a favorable condition. Of course, there is a correct relationship between volume and cost.

Facts and figures as shown by properly kept and collected accounting records over a period of time, and by a large enough group of bureaus will make it possible to arrive at the correct relationship between volume and costs.

How can we measure the success of a bureau? By setting up standards. How can we arrive at equitable standards? By adopting as nearly as possible uniform accounting procedures.

Out of uniform accounting procedures will come facts and figures which after being compiled over a period of time, their value growing with each year, will give us a good standard on which to base our efficiency and accomplishments.

As much as you may dislike to talk in averages, you cannot get away from the fact that standards of performance are based on averages that have accumulated over a period of years. There is hardly a year that does not have some out-of-the-ordinary trend, either up or down. Therefore, by taking five-, ten-, twenty-year records, one will strike an average that can be used as a measuring standard for a while at least.

It would not be fair to compare small bureaus with large bureaus individually, but by compiling standards on facts from both large and small bureaus we will get a standard of ratios to which all can work. It might also be well to set separate standards for large and small bureaus.

Standardization tends to cut down lost motion and mental effort and increase efficiency, all of which would mean more money collected.

Think of the opportunity the Collection Department of the National Association has to compile facts and figures and set up collection bureau standards for the nation! The larger the number of experiences used in compiling and setting standards, the nearer correct and more valuable they are.

Take, for example, a collection bureau's collection percentage:

Is a collection percentage of 40 per cent of the gross turned in for collection a good or only a fair record for a collection bureau? How many bureaus are collecting an average of 40 per cent of their claims over a period of—say 5 years?

Maybe that is a low percentage. Mr. Guy Hulse, secretary of the National Retail Credit Association, wrote me that it was a remarkable showing. Mr. Hulse probably is basing his statement on information he picked up in his travels about the country—not on accounting records, for I do not believe that at this time the national office receives such statistical records.

Past President Watson, of the National Retail Credit Association, told me several years ago that $33\frac{1}{3}$ per cent was a good collection percentage for any collection bureau. Which is correct? Maybe both were correct at the particular times their statements were made.

If the National Association or our various state offices had figures reported by members based on the

same rules of accounting procedure, we would know if $33\frac{1}{3}$ per cent or 40 per cent was a good collection or fair collection percentage of the gross new business, or we would know if the efficiency of bureaus had increased since President Watson's report of $33\frac{1}{3}$ per cent. Maybe the National Association has educated its members to turn over better business. Thirty-three and one-third per cent may have been good several years ago, but who knows, 40 per cent may be normal now.

Then, if our bureau's record is only $33\frac{1}{3}$ per cent, we would begin to investigate to find out why we had not advanced with the more efficient bureaus who reported 40 per cent. Many of our troubles could be discovered and corrected if we had the necessary accounting records on which to base an analysis of our business as it compares with other bureaus.

Now then, if we should find we are above the average—say, in collection percentage—isn't that an excellent point to bring out in selling our service? A high collection percentage in our business is of major importance and would cause many of our faults to be overlooked.

Wouldn't we have more confidence in our policy and plan of operation? If we find ourselves below the average, I am sure it would be an incentive to dig in, or out, and work out ways and means of increasing our efficiency.

How many of you have wondered how you compared with other bureaus? Not an easy question to answer now, but if we could compile facts and figures and from them set equitable standards for comparison, we would know how we compared with the average. If we had such comparative accounting records, I know we could answer questions I referred to earlier in this article.

As collection bureaus, we are handling the money of others, as it is collected from the debtor, or its equivalent, in the form of notes and contracts placed in our possession for settlement. When you talk of one's money, you at once arouse his keen interest.

Most of us are nonprofit, cooperative, mutual organizations, and our clients feel they have a right to know what we are doing, how we are doing it and why we do it any particular way. In the larger bureaus the tendencies this way are not so great, but in the smaller communities the merchants have a closer connection with their association and there are always a few who know how to ask questions.

With proper accounting records, you will always be in a position to show them just where you stand on any individual case as well as your organization as a whole.

Often legal questions arise. No one knows when a bureau will be called in to court to present its records, and if well-kept records can be produced, it places you in a much better position to win your point in the case, or, at least, support your member, should the case have originated through his store.

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Hale Brothers' Leaflet Explains Use of Charge Account

Hale Brothers, with stores in San Francisco, Sacramento, San Jose, and Oakland, of which President Frank Batty is the General Credit Manager, have a little four-page pamphlet titled, "Your Monthly Charge Account—How to Use It."

On the front page of this pamphlet is a place for the name and address of the recipient. The introduction reads as follows:

"Like making new friends there's a real satisfaction in adding the name of a new customer to our ledger.

"We have just had that pleasure in your case, and we want to take this formal way of expressing our appreciation—as well as the hope that this may be but the beginning of a long and pleasant business relationship—profitable to you and to us—and that we may enjoy one another's confidence, friendship and respect.

"In order to briefly explain the general conditions under which credit is granted, we issue this pamphlet."

On the inside of the pamphlet such subjects are discussed as the "Convenience" of a charge account, the "Amount" of credit predicated upon the requirements of the customer which becomes a part of the store's record.

Under the head "Settlement" is stated:

"Our terms require payment **IN FULL ON OR BEFORE THE 10th OF THE MONTH FOLLOWING PURCHASE.** An itemized statement of your purchases, credits and payments made during the current month will be mailed to your address at the end of each month."

"How to Use Your Account," "Returning of Merchandise," "Change of Address," "Adjustment Departments," "Credit Department," "Mailing List," "Suggestions or Criticisms," "Our Aim and Object" are also subjects which are covered in this pamphlet.

POSITION WANTED

Credit and Collection Executive, seven years successful experience national organization, now available. Inquiries invited. Box 11, Credit World.

Five Special Letters to Collect the Delinquent Accounts of 1931

Five special letters—and a complete plan—specially written for use immediately after the close of 1931 accounts. Your usual end-of-the-year collection problem is going to be much harder this year on account of present conditions.

You will need the help of these letters, based on practical experience and a thorough understanding of "New Year" collection problems.

These letters—and the accompanying plan—are part of the December issue of the Better Letters Service. Your subscription now—beginning with the January issue—will bring the December issue *free*.

In addition you'll get:

1. Each month a four-page Better Letters Bulletin—four pages of constructive letter-ideas for better and quicker collections, for developing new charge accounts, for stimulating present charge accounts and reviving inactive ones.
2. Each month, copy for (a) one new letter to solicit new charge accounts and (b) one new letter to revive inactive accounts.
3. Every three months, copy for six new collection letters—letters that will bring you *new ideas* on collections.

\$20. a Year

Order it on approval—examine it—send it back if you're not satisfied and we'll cancel the bill.

Address:

THE BETTER LETTERS SERVICE

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE ST.

ST. LOUIS

Some Qualifications for the Credit Man

(Continued from page 28.)

regard to methods of handling a day's work and the systems by which results are obtained. You must first have a definite program for carrying out the details of your own particular work, as well as the work of others.

You must know what results you want to obtain, then devise a short, practical, efficient method of doing that particular work.

There is always a one best way of doing anything and this same thought can be applied to your own personal habits as well as your business vocation. If you will give the matter serious consideration, you will soon find out that you are doing a number of things which do not have important bearing upon either your own self-development or that of the business in which you are engaged.

Read the life story of any successful business man and you will find him to have a personality; and a great personality is not possible without a system. Apply a great deal of thought to office systems and you will always find a short and effective method of doing things that will be both a time as well as a labor saver.

(G) Correspondence: It has been contended that a personally typed letter will produce better results than a form letter produced by one of the many numerous mechanical methods in vogue, but the phraseology of a form letter can be so constructed that it can be used under almost any condition. When writing letters, it is not so much a matter of being prolific as it is of being human; it is assumed that you will write as you would wish to be written to.

If you have more than one thought to express, confine each thought to a separate paragraph. Do not use the phrase, "Dictated, but not read." Why should you expect your letter to receive consideration if you do not think enough of the letter and its contents to read it yourself?

If you are answering a letter, it is reasonable to assume that you have read the letter received, then why say, "We have noted contents of your letter" or "Your recent letter has come to hand"? If it had not been received you could not answer it.

Do not say "enclosed herewith"; if you have enclosed anything it is naturally enclosed. It is not necessary to use the word "beg"; you are not begging, so why make a beggar of yourself?

Remember that in business the customer is always right, so write as though you were in the other fellow's place, and forget your own desires in the matter. Your letter should be adjusted to circumstances, eliminating loquacity as well as sarcasm.

Economy in letter writing, as in other things, is very essential in the business world. Because of lack

of time and the volume of work, there must needs be a swift conveyance of clear meaning.

Gordon Graham has well said, "Have something to say, say it and stop talking." Also, "A real salesman is one part talk and nine parts judgment, to tell when to use the one part talk." This thought can be applied to many letters written in the business world today. There is a perpetual need for an optimistic tone in your letter; it will always be welcomed.

It is a known fact that more trade is won and held through appeals to sentiment than through any other known factor. It would seem that sentiment should have small consideration in the handling of an account, yet it can be used very effectively, especially a properly worded expression of sentiment, where there has been misfortune of any kind, such as the loss of position, ill health or death in the family. In numerous instances, the person to whom you are writing never sees you. You are judged, therefore, entirely by the kind of a letter you write. It is in a sense an indication of who and what you are.

Now, let us consider the collection manager: In most cases he (or she) is considered a subordinate of the credit manager, but to function properly must be allowed to use his (or her) own initiative.

It is very essential to have a knowledge of legal procedure so that legal pitfalls may be avoided.

Tact must be combined with courtesy and firmness. A knowledge of human nature is a great help. In handling delinquent customers, each one may be handled according to the nature of the circumstance.

Efficiency is needed as well as persistency so that the minimum amount of effort is expended in order to bring about the best results.

There must also be the thought in mind that in many cases there will be additional credit extended even after the account has been closed, so it is a matter of considering a large percentage of accounts from both the angle of collections as well as continued credit.

As previously indicated, people are actuated by three motives when paying their bills, namely, honesty, pride and fear. At least 75 per cent of your overdue accounts can be persuaded to pay their bills—therefore the first two motives, honesty and pride, can be used very effectively—the third motive, fear, being used as a last resort.

It is, therefore, very apparent that the collection manager must be a very good correspondent and should know how to skillfully use good English that will produce results with a minimum amount of effort, but with good effect.

Certainly the position of collection manager is sufficient to warrant the handling of collection matters and the necessary routine to the exclusion of anything else.

